

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	30877	Agenda Number	9.
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Meeting Date:	3/27/2014	Department:	Aviation
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Subject

Authorize negotiation and execution of an agreement with Lynxs Austin Cargoport, LLC for the refinancing, lease, and operation for cargo facilities at Austin-Bergstrom International Airport.

Amount and Source of Funding

Revenue Generating lease.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	
For More Information:	Stephanie Tucker, Aviation, 512-530-7507
Boards and Commission Action:	February 11, 2014 - Approved by the Austin Airport Advisory Commission by a 6-0 vote with Commissioner Kelsey absent.
MBE / WBE:	
Related Items:	

Additional Backup Information

Austin Air Cargo One, LLC (Tenant) currently leases 731,830 square feet of land at Austin-Bergstrom International Airport on which it built three cargo buildings (Improvements) pursuant to the First Amended and Restated Agreement for Private Development and Operation of an Air Freight and Cargo Facility at Austin-Bergstrom International Airport dated September 25, 1996 (Ground Lease). The construction of the Improvements was financed by the issuance of bonds by ABIA Development Corporation. The City's Ground Lease with Tenant expires on May 30, 2025.

As part of a debt refinancing and restructuring arrangement, the Tenant proposes to pay off all the outstanding bonds and assign the Ground Lease to Lynxs Austin Cargoport, LLC (New Tenant). Once assigned to the New Tenant, the Ground Lease will be terminated. Simultaneously with the termination of the Ground Lease, a new lease will be entered into between the City and the New Tenant. The New Tenant is owned in part by a former affiliate of the Tenant, who originally constructed the Improvements, and currently manages the Improvements. In consideration for the City's consent and approval to the refinancing and restructuring, the New Tenant will pay the City a one-time fee of \$150,000 and reimburse the City for financial and legal fees capped at \$10,000 and \$15,000, respectively. Ground rent will also increase by \$.025 per square foot. The lease with the New Tenant will expire in 2040 (an additional 15 years from the original termination) in order for the New Tenant to obtain financing and amortize their investment.